



Rating Action: Moody's assigns Aa1 to Idaho Bond Bank Authority Revenue Bonds 2015B

Global Credit Research - 04 Aug 2015

Aa1 and stable outlook affects \$399 million of debt

New York, August 04, 2015 --

Moody's Rating

Issue: Revenue Bonds, Series 2015B; Rating: Aa1; Sale Amount: \$19,620,000; Expected Sale Date: 08/26/2015; Rating Description: Revenue: Other

Opinion

Moody's Investors Service has assigned a Aa1 rating to the Idaho Bond Bank Authority Revenue Bonds, Series 2015B in the amount of \$19.6 million. At this time, Moody's affirms the Aa1 rating on the Authority's outstanding bonds in the amount of approximately \$399 million, including the current offering. The long term rating carries a stable outlook.

SUMMARY RATING RATIONALE

The Aa1 rating reflects the broad pledge of the State of Idaho's (Aa1 stable) sales tax revenues that provide ample coverage for debt service. The rating also considers the state intercept mechanism and other satisfactory payment mechanisms for debt service. Subsequent reviews will focus on the frequency of future borrowing and the level of coverage provided by state sales tax revenues.

OUTLOOK

The stable rating outlook anticipates continued solid coverage of outstanding debt service by sales tax revenues, and continued improvement in state sales tax collections.

WHAT COULD MAKE THE RATING GO UP

- Significantly reduced borrowing amounts and borrower concentration
- Sustainable strengthening of coverage levels by state sales tax revenues

WHAT COULD MAKE THE RATING GO DOWN

- Significant, additional leveraging of state sales tax revenues
- Increased concentration of largest borrowers

OBLIGOR PROFILE

The Idaho Bond Bank program was established by a series of legislative actions and voter approval. The legislature approved an amendment to the constitution and voters approved creation of the Idaho Bond Bank and the pledge of state sales taxes in 2000. The program was authorized in 2001 by the Idaho Bond Bank Authority Act that to provide an attractive mechanism for financing the infrastructure needs of local governments.

LEGAL SECURITY

The current offering is secured by the participant's pledge of net wastewater system revenues. Additional security is provided by the state's intercept mechanism whereby intergovernmental revenues due to participants will be transferred directly to the trustee to pay debt service, if payments have not been received sufficiently in advance of debt service payment dates.

Importantly, the bonds are further secured by a pledge of the state's sales tax revenues that will be transferred directly to the trustee for debt service, if full and timely payments for debt service from borrowers have not been received within five days of the payment date.

USE OF PROCEEDS

The current offering of approximately \$19.6 million will be used to refund certain maturities of previously issued loans for annual

debt service savings. The two participants have pledged net enterprise system revenues.

PRINCIPAL METHODOLOGY

The methodologies used in this rating were US Public Finance Special Tax Methodology published in January 2014 and State Aid Intercept Programs and Financings: Pre and Post Default published in July 2013. Please see the Credit Policy page on www.moodys.com for a copy of these methodologies.

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